



United States Department of the Interior

BUREAU OF RECLAMATION

Washington, D.C. 20240

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MEMORANDUM

To: Regional Director, PN, MP, LC, UC, GP
Attention: PN-1000, PN-3300, MP-100, MP-440, LC-1000, LC-4450, UC-100,
UC-446, GP-1000, GP-2100
-Director, Policy and External Affairs
Attention: W-1500
Director, Operations
Attention: W-6000

From: Eluid L. Martinez
Commissioner

Subject: Policy for Collecting Operation and Maintenance Costs Associated with the Administration of Water-Related Contracting Activities

This memorandum sets forth a Bureau of Reclamation-wide (Reclamation) policy for implementation of an equitable fee to collect operation and maintenance (O&M) costs for water-related contracting activities. This policy, which is attached, is effective immediately. These O&M costs will be assessed for services relevant to contracting activities for water users benefitting from Reclamation activities.

It should be noted that while the attached policy provides some variation in collecting O&M costs associated with the administration of water-related contracting, Reclamation is required by law to collect O&M costs. Therefore, unless a situation arises such as those addressed in the "exemptions" section, Reclamation has no discretion but to collect O&M.

When it was discovered that Reclamation does not currently have consistent methodology for the collection of costs, under my direction, a team composed of a representative from each region and the Program Analysis Office was formed. The team's task was to develop an equitable structure to collect these O&M costs.

The team considered only those activities associated with water-related contracting activities. However, the methodology employed in computing such O&M costs under the structure may be used in most instances where Reclamation provides a direct benefit through the performance of a service or activity.

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The philosophy maintained by the team is consistent with the philosophy of the Administration in that it recovers Reclamation's cost of doing business related to the O&M of a project. I believe this policy will provide the foundation for an equitable and uniform schedule when collecting O&M costs related to the administration of water-related contracting activities, and should be implemented immediately. The Solicitor's Office has reviewed the policy and concurs that it is within Reclamation's authority pursuant to Reclamation Law.

Members of the team included Ryan Patterson (PN), Kay Moore (MP), Margot Selig (LC), Mike Loring (UC), Jim Beadnell (GP), and Sandie Simons (PAO). Any of these team members may be contacted to answer questions.

NOTICE: IF YOU DETACH
ENCLOSURE PLEASE INSERT
CODE NO. _____
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Attachment

cc: Manager, Portland OR, Attention: LCA-1000
 Manager, Yakima WA, Attention: UCA-1000
 Manager, Boise ID, Attention: SRA-1000
 Manager, Grand Coulee WA, Attention: GCP-1000
 Manager, Folsom CA, Attention: CC-100
 Manager, Fresno CA, Attention: SCC-100
 Manager, Shasta Lake CA, Attention: NC-100
 Manager, Klamath Falls OR, Attention: KO-100
 Manager, Carson City NV, Attention: LO-100
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(w/attachment to each)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date September 26, 1997

Release No. 63

Manual Number and Title

WTR 02-01 Collection of Operation and Maintenance (O&M) Costs Associated With the Administration of Water-Related Contracting Activities

Summary of Changes

New release..

Filing Instructions:

Remove Sheets

None

Insert Sheets

WTR 02-01 (1 sheet)

Filed by:

Date:

Reclamation Manual

Directives and Standards

Subject: Collection of Operation and Maintenance (O&M) Costs Associated With The Administration of Water-Related Contracting Activities

Purpose: To set forth a Reclamation-wide Directives and Standards for implementation of an equitable fee structure to collect O&M costs for water-related contracting activities.

Authority: The Reclamation Act of 1902 (Act of June 17, 1902; 32 Stat. 388); Reclamation Extension Act (Act of August 13, 1914; 38 Stat. 686); The Omnibus Adjustment Act (Act of May 25, 1926; 44 Stat. 636); and Reclamation Project Act of 1939 (Act of August 4, 1939; 53 Stat. 1187).

Contact: Reclamation Law, Contracts and Repayment, D-5200

1. **Direct Charge.** Prior to entering reimbursable contract activities, regional offices will collect estimated costs up front. The direct charge will be comprised of actual costs. Actual costs include salary, overhead, travel, materials, and other costs as applicable. Depending on actual costs, this fee may be adjusted up or down, thereby requiring either additional moneys to be collected up front or a refund to the entity. These rates differ from region to region based on overhead costs. Regional finance offices should be contacted annually to update these rates.
2. **Exemptions.** The fee will not apply in the following situations:
 - A. Where explicitly prohibited by legislation or executive order.
 - B. Right-of-way application, leases, license, permits, etc., for the use of project lands and facilities for which fees are covered under a variety of authorities. (Departmental Manual, 346 DM 4.1, prescribes the Department's policy and procedures for rights-of-way projects.)
 - C. Where the Government is already committed by statute to perform an activity benefitting the public generally and the costs associated with that activity would be incurred regardless of the fact that specific individuals and entities may be incidentally benefitted. Examples include statutorily prescribed land use planning and statutorily prescribed programmatic environmental statements.
 - D. Where the contract action is being taken for the primary benefit of a party other than the contractor or its benefactor (e.g., contracts for the acquisition of water for Federal purposes or contracts benefitting the public generally). This exception does not apply where a contract is intended to mitigate harm to the public interest, e.g., a contract providing that a certain percentage of water be used for instream flows or a

Reclamation Manual

Directives and Standards

certain amount of habitat be created as a prerequisite for authorizing a contractor to take some action.